

THE AGRICULTURAL SITUATION.

A BRIEF SUMMARY OF ECONOMIC CONDITIONS

ISSUED MONTHLY FOR EXTENSION WORKERS AND THE STAFF BY THE BUREAU OF
AGRICULTURAL ECONOMICS, U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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SEASON IN FULL SWING, WITH FAIRLY GOOD PROSPECT

The agricultural situation has now reached that interesting point where no two persons agree regarding it.

So far as the general crop outlook goes, it seems reasonably promising. It is still too early to tell much about corn; but the other principal crops are in fair condition over the country.

Wheat harvest is in full swing in the Central States.

Of all the great crop regions the Wheat Belt is, perhaps, least heartened by general prospects. The crop is poor in some sections, and prices are problematical. It may be a fact that some American land now growing wheat will find it difficult to meet world competition and pay adequate return for American labor and land values. But the wheat problem will not be solved overnight. These are still readjustment times. Such a product of world-wide origin might take five years more to stabilize production. That may be hard on individuals, but should be well considered, nevertheless.

The movement and current prices of hogs and cattle are logical evidence of the accumulation of meat animals in the country. This was easier for farmers to foresee than to forestall. For two years, old stock was freely disposed of because it was not worth keeping. But young stock was increased because when feed was cheap enough to burn, the natural way to carry it over was in young, growing animals. This had the effect of rather less stock in market a year ago but more now. The steers are now grown and the pigs are fat.

Men interested would also do extremely well to note - with an eye to 1924 - that the heifers of a year or two ago are now giving milk and the pullets are laying. Whether or not this might mean lower prices for milk and eggs remains to be seen. The tide of production soon reacts to prices. Already beef calves are said to be fewer on the ranges.

The trend of wholesale prices has turned downward. However, industry is very active and the outlook for fall markets still promising.

REGIONS AT A GLANCE

THE EAST - Suffered from dry weather. Pastures and meadows backward. Dairy products increasing in volume. Fruit prospects fairly good. Haying and cultivation somewhat handicapped by lack of labor.

THE SOUTH - Cotton shows effects of the late start. Is in better shape west of the River than in eastern States. Boll weevil in evidence generally.

CORN BELT - Rush of work now on following wet weather. Corn uneven but growing rapidly. Run of hogs to market has been heavy. Farmers are pushed now and help scarce.

WHEAT BELT - Harvest in winter wheat districts well along. Grain only fair; some of the best sections were damaged by heavy storms. Wheat men are generally worried over the price possibilities this fall.

RANGE COUNTRY - The range is in good condition in the North; short from dry weather in parts of South. Cattle and sheep generally in good shape. Said to be fewer calves on range this summer.

PACIFIC COAST - Barley harvest well along. Fruit crops good. General conditions good. Some apprehension over prices among northern wheat growers.

CROP PRODUCTION

The following shows production of important crops in 1913, war-time average, last year, and estimates for this year. Compiled by Division of Crop and Live-Stock Estimates, B. A. E.

Figures given to nearest million, six ciphers omitted.

<u>Crop</u>	<u>1913 Production</u>	<u>1914-1918 Average</u>	<u>1922 Production</u>	<u>1923 July 1 Estimate.</u>
Wheat, bu.				
Winter	523	563	586	581
Spring	240	259	276	236
All	763	822	862	817
Oats, bu.	1,122	1,415	1,201	1,256
Barley, bu.	178	215	186	196
Rye, bu.	41	60	95	72
Hay, all, tons	64	99	113	99
Apples, bu.	145	203	201	187
Peaches, bu.	40	48	57	47

In general, crop prospects are fairly good as viewed this early in the season. Growth has been catching up from the late spring everywhere except in certain dry sections along the Atlantic seaboard and in the Northwest.

AVERAGE PRICES, AT THE FARM, OF REPRESENTATIVE PRODUCTS
Month Ending June 1, 1923.

Actual prices received at the farm by producers. Average of reports covering the United States, weighted according to relative importance of county and State. Figures compiled by Division of Crop and Live-Stock Estimates of this Bureau. Quotations in dollars or cents.

Shows 1913, year ago, and latest available month.

	May 1913	May 1922	Apr. 1923	May 1923
Cotton, per lb.	\$ 11.5	18.7	26.9	25.6
Corn, per bu.	\$ 60.6	61.6	83.0	85.0
Wheat, per bu.	\$ 82.7	116.5	109.8	106.6
Hay, per ton	\$ 10.55	12.65	12.69	12.95
Potatoes, per bu.	\$ 55.2	104.1	81.3	76.6
Oats, per bu.	\$ 36.0	38.4	45.7	44.9
Apples, per bu.	\$ 97.6	213.4	161.0	173.9
Beef cattle, per 100 lbs.	\$ 6.01	5.70	5.78	5.77
Hogs, per 100 lbs.	\$ 7.45	9.05	7.45	7.13
Eggs, per dozen	\$ 16.9	21.2	22.5	21.8
Butter, per lb.	\$ 25.5	33.5	40.3	38.5
Wool, per lb.	\$ 16.3	29.0	39.2	41.7
Veal calves, per 100 lbs.	\$ 7.17	7.28	7.78	7.69
Lambs, per 100 lbs.	\$ 6.66	10.39	10.69	11.00

The general price trend of important crops was slightly higher, though changes were very slight.

Livestock prices were about stationary, the general trend being slightly lower.

Low prices of live stock now reflect the increased numbers which were in turn induced by distressing crop prices of a year and two years ago.

PRICE INDEXES FOR MONTH ENDING JUNE 1

1913 = 100

Farm products figures from this Bureau; commodity groups from Bureau of Labor Statistics. Shows year ago, and latest available months:

Farm Products
(Prices at the farm)

	May 1922	Apr. 1923	May 1923	Month Trend
Cotton	151	217	207 - - -	Lower
Corn	104	140	143 - - -	Higher
Wheat	149	140	136 - - -	Lower
Hay	115	115	118 - - -	Higher
Potatoes	162	126	119 - - -	Lower
Beef cattle	97	98	98 - - -	Same
Hogs	120	100	95 - - -	Lower
Eggs	110	117	113 - - -	Lower
Butter	124	149	143 - - -	Lower
Wool	174	235	250 - - -	Higher

Commodity Groups
(Wholesale Prices)

	May 1922	Apr. 1923	May 1923	Month Trend
Farm products	132	141	139 - - -	Lower
Food, etc.	138	144	144 - - -	Same
Cloths. & clothing	175	205	201 - - -	Lower
Fuel & lighting	216	200	190 - - -	Lower
Metal & met. products	119	154	152 - - -	Lower
Bldg. materials	160	204	202 - - -	Lower
Chemicals, etc.	122	136	134 - - -	Lower
House-furnishing goods	176	187	187 - - -	Same
<u>All commodities</u>	148	159	156 - - -	Lower

RELATIVE PURCHASING POWER

(At May 1923 Farm Prices)

1913 = 100

Of a Unit of:

<u>In terms of:</u>	<u>Cotton</u>	<u>Corn</u>	<u>Wheat</u>	<u>Hay</u>	<u>Potatoes</u>
All commodities	133	92	87	76	76
Cloths, etc.	103	71	68	59	59
Fuel, etc.	109	75	72	62	64
Metals, etc.	136	94	90	78	78
Bldg. materials	103	71	67	58	59
House-furnishing goods	111	76	73	63	64

	<u>Beef cattle</u>	<u>Swine</u>	<u>Eggs</u>	<u>Butter</u>	<u>Wool</u>
All commodities	63	61	72	92	160
Cloths, etc.	49	47	56	71	124
Fuel, etc.	52	50	59	75	132
Metals, etc.	64	62	74	94	164
Bldg. materials	49	47	56	71	124
House-furnishing goods	52	51	60	76	134

The purchasing power indexes showed only very slight change during May in the case of the crops.

Livestock products also continued practically unchanged from previous month except for wool, which worked higher.

SUMMARY OF PRICE INDEX NUMBERS

1913 = 100

The "purchasing power" index given below shows the trend of relationship between prices of agricultural and non-agricultural commodities. It may be considered a reasonably good measure of such relationship.

In the following, farm price indexes are made up by this Bureau; wholesale prices are the Department of Labor indexes. Purchasing power represents relationship between prices, at the farm, of unit quantities of farm products and wholesale prices of unit quantities of commodities other than farm products.

Year and month	Farm Price Crops 15th of month	Farm Price Livestock 15th of month	Farm Price Crops and Livestock combined	Wholesale price All Commodities	Wholesale price of Non-Agrl. Commodities*	Purchasing Power of Farm Products#
1913	100	100	100	100	100	100
1914	108	103	106	98	94	112
1915	110	95	102	101	97	106
1916	124	111	118	127	132	89
1917	208	164	186	177	176	106
1918	224	192	208	194	186	112
1919	234	198	216	206	195	111
1920	238	168	203	226	234	86
1921	109	107	108	147	161	67
1922	113	111	112	149	163	69
<u>1922</u>						
January	98	95	96	138	150	65
February	105	108	106	141	149	71
March	112	117	114	142	150	76
April	115	115	115	143	153	75
May	118	118	118	148	161	73
June	119	119	119	150	164	72
July	118	119	118	155	172	69
August	114	112	113	155	176	64
September	110	109	110	153	170	64
October	110	110	110	154	169	65
November	118	105	112	156	169	66
December	123	104	114	156	168	68
<u>1923</u>						
January	126	106	116	156	170	68
February	130	107	118	157	172	69
March	134	106	120	159	175	69
April	139	107	123	159	176	70
May	140	105	123	156	172	71

* "All commodities", excluding farm products and food.

Expressed in terms of other products.

THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets. Compiled by this Bureau. All figures given to nearest thousand, that is, three ciphers omitted:

Month	WHEAT Receipts Th. Bu.	CORN Receipts Th. Bu.	HOGS Receipts Thousands	CATTLE Receipts Thousands	SHEEP Receipts Thousands	BUTTER Receipts Th. lbs.
1921 Total	435,606	340,908	41,040	19,764	24,168	569,340
1922 Jan.	18,372	52,097	4,278	1,628	1,835	41,697
" Feb.	21,151	58,330	3,612	1,416	1,399	38,894
" Mar.	19,729	31,035	3,411	1,622	1,465	44,919
" Apr.	15,536	14,552	3,067	1,470	1,227	42,694
" May	29,015	27,083	3,737	1,878	1,692	68,893
" June	19,753	31,157	3,776	1,759	1,700	93,139
" July	42,128	25,975	2,980	1,709	1,677	92,829
" Aug.	59,649	24,380	3,037	2,149	1,951	62,494
" Sept.	56,992	35,296	3,062	2,373	2,303	46,419
" Oct.	49,124	32,477	3,682	2,936	3,311	41,351
" Nov.	41,510	23,925	4,421	2,427	2,288	38,678
" Dec.	46,002	37,466	5,004	1,825	1,516	38,475
" Total	418,961	393,773	44,067	23,192	22,364	650,482
1923 Jan.	38,002	38,371	5,306	1,876	1,636	48,697
" Feb.	20,176	30,518	4,492	1,427	1,366	39,877
" Mar.	22,081	24,710	4,926	1,502	1,430	49,881
" Apr.	21,785	16,836	4,318	1,670	1,447	48,881
" May	17,457	10,840	4,524	1,900	1,794	55,459

The flow of grain to market showed seasonal slow-up.

Meat animals, however, made a heavier run during May. The number of hogs coming to market is significant. Butter likewise.

SUMMARY OF PRICE INDEX NUMBERS

1913 = 100

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March	112	117	114	142	150	76
April	115	115	115	143	153	75
May	118	118	118	148	161	73
June	119	119	119	150	164	72
July	118	119	118	155	172	69
August	114	112	113	155	176	64
September	110	109	110	153	170	64
October	110	110	110	154	169	65
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December	123	104	114	156	168	68
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January	126	106	116	156	170	68
February	130	107	118	157	172	69
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THE TREND OF EXPORT MOVEMENT

Compiled from Commerce reports by Division of Statistical Research, of this Bureau.

Month	WHEAT including flour 1,000 Bushels	TOBACCO 1,000 Pounds	BACON, HAMS AND SHOULDERS 1,000 Pounds	LARD 1,000 Pounds	TOTAL* MEATS 1,000 Pounds	COTTON running bales 1,000 Bales
1922 January	15,010	32,265	48,120	73,194	55,777	459
" February	10,992	25,845	66,003	75,520	62,647	326
" March	14,374	32,966	54,763	64,377	62,231	452
" April	10,449	40,189	43,254	42,459	48,828	602
" May	14,267	39,844	44,058	50,817	50,196	457
" June	18,165	30,323	55,621	57,249	64,124	478
" July	19,134	32,318	59,252	66,058	67,886	365
" August	38,964	28,957	51,353	68,907	60,443	269
" September	31,839	33,101	51,040	61,120	60,863	366
" October	25,077	58,353	50,940	66,333	60,651	798
" November	17,578	39,786	51,407	62,321	63,357	855
" December	16,428	36,954	65,642	78,596	76,951	606
1923 January	12,519	41,651	74,432	107,786	86,938	470
" February	12,197	25,978	64,488	89,055	75,023	360
" March	10,725	31,640	66,441	109,187	75,933	318
" April	10,195	40,185	68,528	85,475	77,963	260
" May	14,396	28,420	64,556	93,199	72,379	160
11 mos. July-May 1921-22	261,207	421,564	566,570	755,131	656,770	6,038
Same period 1922-23	209,042	397,348	668,078	888,036	778,265	4,851

The general trend of exports continues materially lower than last year in case of grain, cotton and tobacco, and higher in case of pork products.

The heavier export of pork products is an outstanding factor both in foreign trade and in Corn Belt agriculture.

* Includes fresh, canned and pickled beef, bacon, hams and shoulders, fresh, canned and pickled pork, mutton and lamb.

THE COLD STORAGE SITUATION

June 1 holdings (Figures show nearest thousand):

<u>Commodity</u>	<u>5 Year Average</u>	<u>June 1, 1922</u>	<u>May 1, 1923</u>	<u>June 1, 1923</u>
Creamery butter lbs.	17,978	13,302	3,248	9,907
American cheese, lbs.	15,934	15,481	14,077	17,490
Case eggs, cases	6,328	8,056	3,737	7,884
Total poultry, lbs.	35,819	38,602	74,562	57,240
Total beef, lbs.	145,913	56,852	78,535	64,923
Total pork, lbs.	878,824	635,656	940,071	906,496
Lard, lbs.	129,477	123,798	85,251	84,671
Lamb & mutton, lbs.	7,100	2,310	5,774	4,582
Total meats, lbs.	1,110,902	745,023	1,093,765	1,042,871
Apples, bbls.	251	314	1,070	277

Dairy products and eggs moved into storage in considerable volume. Stocks of butter below and eggs above average.

All meats moved out of storage. Stocks of pork and lard slightly below the June 1 average.

Same true of total meat stocks.

GENERAL BUSINESS INDICATORS
RELATED TO AGRICULTURE

	1922 <u>May</u>	1923 <u>Apr.</u>	1923 <u>May</u>	Month's <u>Trend</u>
Production				
Pig iron (Thou. tons)	2,307	3,548	3,868	Increase
Bituminous coal (Thou. tons)	20,501	42,500	46,055	Increase
Cement (Thou. barrels)	11,176	11,359	12,910	Increase
Automobiles shipped (Thou. carloads)	33	45	46	Increase
Consumption				
Cotton by mills (Thou. bales)	495	577	621	Increase
Unfilled orders Steel Corp. (Thou. T.)	5,254	7,289	6,981	Decrease
Building contracts (Millions dollars)	---	356	---	-----
Hogs slaughtered (Thousands)	2,572	2,924	3,072	Increase
Cattle " "	1,086	1,080	1,173	Increase
Sheep " "	852	855	888	Increase
Movements				
Bank clearings (N.Y.) (Billions dollars)	19	18	19	Increase
Car loadings (Weekly av., Thousands)	783	942	978	Increase
Mail order sales (Thou. dollars)	21,855	30,691	29,261	Decrease
Men employed, 1428 firms (Thousands)	1,699	2,040	2,048	Improved
Unemployment in Pa. (Thousands)	167	12	9	Improved
Interest rate, Coml. Paper (60-90D)	4.25	5.13	5.13	Same
Loans and discounts, F.R.M. banks (Millions dollars)	10,906	11,839	11,840	Same
Grand total exports (Millions dollars)	318	325	---	-----
Wholesale Price Index (Dept. Labor)	148	159	156	Lower
Av. price 25 industrial stocks (dollars)	97	113	108	Lower

The urban industrial boom may have passed its peak. The most decided check has occurred through the building industry.

Production is still very heavy. Labor is fully employed. Wages are still rising. Distribution, however, is less broad than a few months ago. The stock market has declined.

Some authorities pronounce the recent easing down of business merely a temporary phase in a long-time period of activity. Others consider it the first, preliminary indication that business is starting on the downturn of the cycle.

THE WORLD CEREAL ACREAGE

O. C. Stine, in Charge, Division Statistical Research, B. A. E.

The acreage of wheat reported to date for the harvest season of 1923 for the northern hemisphere is a slight increase over the acreage in the same countries last year. There has been a slight decrease in the acreage of the United States and Canada but increases in Europe, India and North Africa have more than made up for these decreases. The winter wheat crops of the northern hemisphere have been practically made. The wheat crop of Northern Africa is good this year whereas last year it was a failure and North Africa will have wheat to export whereas last year this region imported wheat. The India wheat crop has been harvested and it is estimated that the crop is over 30,000,000 bushels greater than last year. European countries reporting to date show an increase of 767,000 acres over the acreage in the same countries last year and crop conditions are generally better than last year, being above average, whereas last year conditions were below average.

The above summary for Europe does not include Russia and Germany. The winter wheat seeded in Russia is reported to be considerably greater than last year and a larger spring wheat acreage is expected. No official estimate of the wheat acreage in Germany has been received but a slight increase is expected. The present condition of the crop is above average and better than last year.

Rye is an important substitute for wheat in the feed of many European countries and the acreage of rye has been increased in the countries reporting, not including Russia and Germany, one per cent. The increase in Europe has nearly but not quite made up for decreases in the United States and Canada. There has been little change in the acreage sown to oats in countries reporting to date. In Europe, as in the case of other crops, oats have been increased. Some increase has also been made in the barley acreage of Europe.

Summarizing the changes it may be noted that the United States and Canada have slightly reduced areas of cereal crops excepting barley in the United States, whereas Europe has increased areas in all cereal crops.

ACREAGE OF ALL WHEAT 1921-22 AND 1922-23, ALL COUNTRIES REPORTING.

Country	Acreage		Percentage	
	1921-22	1922-23	Decrease	Increase
	Acres	Acres	Per cent	Per cent
United States	61,230,000	58,253,000	4.9	...
Canada	22,423,000	22,166,000	1.1	...
Europe	53,231,000	53,998,000	...	1.4
India	28,234,000	30,492,000	...	8.0
Japan	1,229,000	1,198,000	2.5	...
Africa	6,053,000	6,511,000	...	7.6
Total	172,400,000	172,618,0001

RYE

United States	6,210,000	5,234,000	15.7	...
Canada	2,105,000	2,046,000	2.8	...
Europe	21,867,000	22,077,000	...	1.0
Total	30,182,000	29,357,000	2.7	...

BARLEY

United States	7,390,000	7,980,000	...	8.0
Canada	2,600,000	2,556,000	1.7	...
Europe	9,111,000	9,264,000	...	9.8
Japan	2,746,000	2,518,000	8.3	...
Africa	6,019,000	6,571,000	...	9.2
Total	27,866,000	28,889,000	...	3.7

OATS

United States	40,693,000	40,768,0002
Canada	14,541,000	14,410,000	.1	...
Europe	13,119,000	13,712,000	...	4.5
Africa	723,000	744,000	...	2.9
Total	69,076,000	69,634,0008

THE COTTON SITUATION

Wm. R. Meadows, in Charge, Division Cotton Marketing, B. A. E.

As we approach the end of the current cotton season, July 31, next, a brief summary of the cotton market conditions may be of interest. The latest available statistics are for June 1, last, as follows:

On hand July 31, 1922	2,831,553 bales
Crop grown in 1922	9,729,306 bales
Imports from August 1 to May 31	449,070 bales
Added to balance distribution	400,000 bales
Total	13,409,929 bales
Less domestic consumption from Aug. 1, 1922 to May 31, 1923	5,660,969 bales
Balance	7,748,960 bales
Less exports from Aug. 1 to May 31	4,441,832 bales
Indicated supply on May 31, 1923	3,307,128 bales

It is worthy of note that American mill consumption has been considerably in excess of that of previous years, while our exports have declined slightly more than 1,000,000 bales from last year's figures. The exports in recent weeks have been chiefly to Germany and Japan, but the weekly totals since the middle of March have been considerably below normal.

The supplies of cotton held in the United States and abroad are far less than they were last year or the year before. In fact at the normal rate of consumption, at practically 1,000,000 bales per month, the supply on hand will be barely enough to keep the world's spindles busy until the new crop cotton is available. The American mill consumption for the first 10 months of the year amounted to 5,660,969 bales which shows an increase of something over 10 per cent over the consumption for the corresponding period last year.

Trade demand at the present time is steady, but the volume of business is said to be small. The future markets have regained the greater part of the decline which took place in April and May, and spot cotton is now selling between 28 and 29½ cents. July future contracts hold the attention of the cotton trade, and outstanding interests in that month must be liquidated during the next thirty days. The market has been largely influenced by weather conditions in the cotton belt, and the course of prices in the next thirty days will be largely influenced by the same cause.

The outstanding fact, at the present time, seems to be that the huge surplus of cotton which was carried over at the end of the year, July 31, 1921, has been reduced to the point verging upon actual shortage of cotton, and there will be but a small surplus to carry over into the new season, which begins on August 1, next. The world is therefore watching with interest the development of the growing crop, as spinners will be dependent upon it for their supplies for the coming year.

LOOKING AHEAD

Only ten years hence, in 1933, this will be a nation of 125,000,000 people. Ten years ago, in 1913, we had 96,000,000 people. Everyone interested in the progress of economic affairs should hang this fact up where it will not be lost sight of.

It is not improbable that in ten years we shall have over 70,000,000 actual urban dwellers and fully 90,000,000 non-farming population. Which is a way of saying that one of the two greatest consuming markets in the world is located within the borders of this country.

The steady increase in our population is an economic leaven working every hour of every day. Each time we tear a month from the calendar more than one hundred and sixteen thousand human beings have added themselves to America. The equivalent of a new Nevada annexed every twenty days, year in and year out! Here is a generating force that can reshape the machinery of both production and distribution under the very eyes of the men who now guide that machinery.

Production does not adjust itself exactly and steadily to demand. Such adjustment moves rather like the waves of the sea: a rise, a crest, a forward sweep, then a pause or perhaps recession, followed by rise, crest, and so on. If demand were constant and could be immediately satisfied, there would be no business cycle.

Agriculture is now in the trough of the wave. Between its crest of 1919 and the next crest lie an unknown number of years - perhaps ten, perhaps fifteen. But if any man questions whether the force exists that can drive it again into one of those long forward sweeps, let him consult the population statistics of the United States.

One main reason why agriculture has not been enjoying a boom comparable to the urban industrial boom this spring is because demand for foodstuffs is not cumulative. If the normal demand for new houses, automobiles, or railway equipment is not met in a given year it is keener than ever the next year. The country has lately been making up some of seven years' unsatisfied demand for the aforementioned basic equipment.

The demand for textiles is cumulative. A family may go a year or two or more without buying much cloth, but eventually it comes into the market again and buys to replenish stocks as well as for immediate consumption. Textiles, in consequence, have shared in the boom of this spring. That has had a great deal to do with the relative strength of cotton and wool prices.

But while fiber producers reap the advantages of accumulated demand, food producers do not. No family carries its appetite of one year along into the next year. The stomach must be satisfied every day, but its demand the next day - and the next year - is repetition, not accumulation. It is true that demand varies with season or employment for individual products like milk, eggs, fruit, beef, etc. It varies by regions, and for foods of high quality. But the presumption is that in normal times a nation eats about the same gross quantity of food per capita one year with another.

All of which is rather basic to a consideration of production and prices over the next few years.

Debt and Credit.

One of the rural community's very serious problems during the next five or ten years will be debt. There is a wide-spread hang-over of debt contracted for current production during 1921. Also, many individuals overextended themselves when times were good, and so did communities. New schools and public buildings, new roads, new bridges, a vast program of improvements swept the country. This was all needed. It was all in line with sound progress. But it all cost money. When prices and farm property values receded, the towering bulk of bond issues and local tax budgets was left rearing itself like a wharf at low tide.

This whole matter of debt requires some straight thinking if it is not to become confused with that of credit. Agriculture has acquired important new credit facilities. Wise use of these means insistent emphasis upon the fact that borrowing money to pay current debts does not get an individual very far. It more often leads to certain trouble. When men are in desperate situation, as some wheat growers of the Northwest and stockmen of the Southwest have been, almost any expedient is fair. In 1921 farmers all over the country had to borrow to pay taxes and interest. But this is not the average case on American farms for any length of time. It will not be the average case from now on. The farm business needs credit for production and marketing just as does every other business. If a man can increase his profitable output or can cut down his cost of production by borrowing money, well and good. But unless borrowing a sum of money quite apparently leads to an added profit somewhere in the business, it is precisely like over-indulgence in any strong stimulant. The thought here is of the future, not of the distressing times of 1920 and 1921 which were in a class by themselves.

New Equipment.

The burden of debt with which agriculture is loaded adds pointed significance to the run-down condition of its productive plant. Somehow in the next ten years a gigantic supply of new capital must be saved up and reinvested in the farm plant. It is

doubtful if any great industry ever was called upon to turn out a capacity product with its physical equipment in such shape.

Before 1933, three-fourths of the farm buildings will require new roofs and new paint. Probably a half-million new houses, barns, and auxiliary buildings will have to be built. Half the present mileage of fencing will have to be replaced and much new fence put up. Millions of new tile must be laid. The haying and harvest machinery will have to be replaced almost entirely; tillage machinery in large part; wagons, harnesses, etc. in part. Millions of new automobiles, tractors, and trucks must be bought. Millions of tons of new piping, wiring, barn equipment and small tools; millions of new gas engines and stationary power appliances; millions of feet of lumber and tons of cement must all be bought. Millions of tons of fertilizer and lime must be poured into the soil of the East and South to restore pre-war fertility. The country's work horses are old; we have gotten six or eight years behind in normal colt supply; before 1933 almost a new crop of work horses must be raised. This will cost something.

For three years farmers have patiently patched, mended, repaired and used makeshifts. Sometime in the coming decade the farm must have about the same replenishment and renewal of productive plant that the railroads are now going through. At a conservative estimate, from eight to twelve billion dollars of new capital will have to go into the farm plant for physical equipment within the next ten years.

Thus, the credit problem has more than one angle to it. On the farmer's side there must be care in using the new sources that have been opened to him. As for the men who control great capital resources, they must realize agriculture's real and unusual need for new capital; and they must realize that farming in this country is still a basic industry - an industry with a future that will pay ample returns on every dollar wisely invested.

Markets.

On the market side, it is difficult to think the outlook is as dark as sometimes painted.

The domestic market is broadening to the tune of 1,400,000 new consumers every twelve months. It is broadening more than that, for the United States is a country of increasing industrial productivity. As our urban community produces more per worker its purchasing power per worker also increases. Some of that increased purchasing power is used for better food and more cloth.

The foreign market for farm products - by which is usually meant Europe - does not look as good, perhaps, as last year. A year is only an incident, however, in the long-time situation.

So far as small grain production is concerned, Russia always looms in the background as our competitor some time in future. The North Sea countries and the Danube Basin are coming forward with more hogs. In the case of cotton and pork products, America can compete with the world. The time is rather likely to come when Europe will again be a powerful bidder for these things. Her need is great enough; it is a question of rebuilding her purchasing power, or in other words her industrial production. On the latter score it is surprising to note the progress in industrial output that has been made within the year by Western and even Central Europe - in spite of the Ruhr situation and Eastern disturbances. The balance of trade is already against the United States, which is not entirely a calamity for us. Of course it is conceivable that Europe might drag along through a protracted welter of strife and misery. It is also conceivable that we might wake up some morning to find the reparation question substantially settled and Europe an unimagined distance on the road to economic recovery. Looking ahead a few years, it would seem that this country might well think twice before it cuts out any big part of its cotton and pork production on the theory that our foreign market has permanently gone to the dogs. However, that will be determined by the course of prices, not by theorizing.

Changing Production.

The outlook from the standpoint of individual producers exhibits, in some respects, new angles.

The horse situation is a sample of changing conditions. The city market for horses has in great measure diminished. Likewise the market for light-weight stock of the roadster type. Horse production, reacting to low prices, has fallen off until the country is several years behind in normal colt raising. Most all prophets agree that the demand for heavy horses is likely to improve before many years. The character of the horse market of 1933, however, is going to differ from that of 1913.

A reaction from the depression in horse prices is evident in hay and oats. Not many years since, timothy hay commanded a splendid city market and was a frequent cash crop throughout the East. Whether this will continue at the old rate is doubtful. The same thing applies to oats, which have a big use as horse feed. Oats fit well in the cropping scheme of the Central States, and they will always be grown for local use. Whether they can continue to occupy their old place as a straight money crop is a question.

There is some disposition to grow more rye, especially in poorer soils and where winter wheat is doubtful in yield or profit. In Europe, population increase has steadily been accompanied by increase in production of rye.

The future of wheat is full of question marks. World wheat production is now adjusted with Russia out of reckoning as an exporter. Canada, Australia, Argentina and the United States expanded their production sufficiently to just about make up for the loss of the Russian supply. But Russia gives evidence of ability to come back as a wheat exporter. Her reentrance into that rank might conceivably raise world supply in a normal year to the point where regions of high production cost would distinctly feel the effects. Cost of production is probably higher in this country than in the world's newer regions. It is higher in some sections of this country than others.

On the other hand, the domestic market is constantly growing. We are all eaters of straight wheat bread. Some men have it that within a very few years the United States will cease to have a wheat surplus for export anyhow.

Certainly, at prevailing cost of production and at the prices received . . . in the last three years, wheat has become a crop of questionable profit in those regions where the yield is frequently below average. It is in these very regions, however, that substitution of other enterprises for wheat is a most difficult problem. Here is a problem in farm management that may well engage the best thought of certain sections of the Wheat Belt proper. The eastern and southern winter wheat areas can, and have, simply cut down their acreage in favor of other crops.

During the war period there was a visible swing to production of the great money crops. Afterward, following the fall in prices, there was some drift back into the feed crops and into the livestock which represents most economical means of carrying over such crops on the farm. In consequence, the country accumulated a reservoir of cattle and hogs. Recent market prices therefor indicate the accumulation.

The presumption is that production of hogs and cattle will continue up and down in certain cycles, and that the tendency will presently be downward. Such is the natural reaction of human judgment, accentuated also by production factors which man can not control.

This calls up the great problem of stabilizing production. Nobody who understands farm conditions is going to preach on that subject. Nevertheless, there is great room for broader judgment on the price situation at any given time. Far-sighted men learn that it is not necessarily the best time to get into hogs or potatoes or other things when the price is high. That is, in fact, often a good time to begin to trim sails. Neither is it time to lose all faith when the price is low. That is precisely a good time to think about putting on more sail. Men who are the steady successes in every farm community generally produce a fairly stable output one year with another. In gauging their crop acreages and breeding herds they exercise a certain stability of judgment which is not upset by the ups and downs of price. This requires a mixture of both faith and courage, but it almost always pays.

One factor which is going to influence production is the increase in specialized or "commercial" type of farm. The poultry industry is gradually being taken over by specialized poultry farms. The Fruit industry is already dominated by the "commercial" orchards and vineyards. This trend is evident in potatoes, market milk, tobacco, and in some sense in the finishing of lambs, hogs and steers. It seems probable that part of our added efficiency in production per man is coming about through these rather specialized farms. If that is, indeed, the case, then some haphazard farms and farmers in certain lines will see handwriting on the wall by 1933. For this is progress, and progress is merciless to the unprogressive.

Agriculture has been through the fire since 1920, So have all kinds of productive business. Debts remain to be faced; the farm physical property must be renewed; prices of farm products have yet to overcome their disparity relative to other things.

However, agriculture has not come through the fire to no purpose. During three years it has made the stride of a lifetime in solid organization, in political and business recognition, in more efficient marketing, in increased facilities of credit, storage, and transportation.

Now the time has come to look forward. It is time for farmers to take stock of their business with an eye to 1930 instead of 1920, and for farm leaders to do likewise. Agriculture will recover, and it will prosper. We have been looking backward for three years. We need a new direction of thought on important matters like the use of credit, renewal of productive equipment, adjustment of production and individual farms. It is time to face ahead.

A. B. G.